PUBLIC HEALTH IMPROVEMENT PARTNERSHIP
FOUNDATIONAL PUBLIC HEALTH SERVICES

Phase II Technical Workgroup Summary of Findings
September 9, 2014

1.0 INTRODUCTION AND CONTEXT

Public health services in Washington State are provided through a combination of federal, state, and local efforts, with the majority of the responsibility residing at the local level.

The Public Health Improvement Partnership (The Partnership) is tasked by the Legislature to provide overall leadership on public health issues to strengthen the public health system and improve and protect health across the State *(RCW 43.70.520 and 43.70.580)*.

The Partnership includes representatives from the State Board of Health, the State Department of Health (DOH), Washington State Association of Local Public Health Officials, Local Health Jurisdictions (LHJs), Local Boards of Health, Tribal Nations, the American Indian Health Commission, and the U.S. Department of Health and Human Services.

1.1 The Agenda for Change

The Partnership developed the Agenda for Change Action Plan in 2012 to chart the course for meeting new public health challenges in a rapidly changing environment and use existing resources wisely. The world is evolving – new preventable disease challenges, health care reform, and diminishing resources all drive a need to rethink which public services are provided and how, and to set priorities. Prioritizing is occurring via the process to develop a State Health Improvement Plan. Washington's public health network has long been recognized as a national leader, and the Agenda for Change will help maintain this success.

A key element of the Agenda for Change's 2012 Action Plan is to develop a definition of what constitutes a set of Foundational Public Health Services that should be available to all residents and communities statewide, and to provide information about the cost of providing a uniform level of these services to support policy discussions that will focus on providing sustainable funding for public health.

1.2 Foundational Public Health Services Work Plan

The purpose of the Foundational Public Health Services (FPHS) work is to implement a long-term strategy for provision of the foundational services needed to assure a functional public health system statewide. This set of services would both provide basic services to the community and provide the necessary foundation for the public health system to perform adequately throughout the State and on which to build specific programs in response to community needs.

The overall work plan is to develop a long-term strategy for predictable and appropriate levels of funding by:

- Defining the set of foundational public health services.
- Estimating the cost of providing foundational public health services statewide and the level of funding needed to support those services.
- Identifying and securing a sustainable funding source for the foundational services.

Phase I: Defining and Costing Foundational Public Health Services

Phase I of The Partnership's FPHS work begin in 2012 and lasted through September 2013. The Phase I work was conducted by a Technical Workgroup comprised of representatives from DOH and LHJs. The Workgroup's accomplishments during Phase I included:

- Developing a framework and criteria for what should constitute foundational public health services in Washington State.
- Developing a complete set of detailed definitions describing the specific services and activities that should be considered foundational public health services in Washington State.
- Developing a flexible, assumption-drive model to estimate the cost of what it would take to provide a uniform level of foundational public health services statewide.

The results of the Phase I work are described in the September 2013 report titled *Foundational Public Health Services Preliminary Cost Estimation Model Final Report*. This report is available at http://www.doh.wa.gov/Portals/1/Documents/1200/FPHSreport2013.pdf and the appendices are available at http://www.doh.wa.gov/Portals/1/Documents/1200/FPHSreportAppend2013.pdf.

Phase II: Identifying and Securing a Sustainable Funding Source

Phase II began in early 2014 and will continue through the end of the year. The purpose of the Phase II FPHS work is to finish analyzing the financial impacts of the FPHS framework and to develop a set of recommendations for how to fund a uniform level of FPHS statewide.

During Phase II, the role of the Technical Workgroup was to conduct additional analysis around the financial implications of the FPHS framework, which is described in the following sections.

In addition, a Policy Workgroup was brought together to complement the work of the Technical Workgroup. The role of the Policy Workgroup is to develop a complete vision of what it would look like to provide FPHS statewide in terms of service delivery, system structure, and funding and present recommendations on how to achieve that vision. The Policy Workgroup is comprised of representatives from tribal, state, and local elected officials; tribal, state, and local public health representatives; and health care association members. The Policy Workgroup will continue to meet through December 2014.

This report summarizes only the Technical Workgroup's Phase II efforts, which were completed in July 2014.

2.0 PHASE II TECHNICAL REPORT PURPOSE AND ORGANIZATION

The purpose of this report is to summarize the work of the FPHS Technical Workgroup's Phase II work from January-July 2014. This report follows from and references the Phase I final report from September 2013, titled *Foundational Public Health Services Preliminary Cost Estimation Model Final Report*.

This report consists of a summary of findings document and four attached working papers that provide additional detail. The Phase II Summary of Findings (this document) provides the context and introduction for the FPHS work overall and summarizes the key findings of the four attachments. Each of the working papers presents key findings in more detail and describes the methodology used to develop the estimates or options.

The contents of the full package include:

- Phase II Technical Workgroup Summary of Findings
- Attached working papers:
  - Foundational Public Health Services Revised Cost Estimate
  - Foundational Public Health Services Current Spending Estimate
  - Estimated Foundational Public Health Services Funding Gap
  - Service Delivery and Funding Alignment Option Development

It's important to note that the attached working papers describe the Technical Workgroup's work to-date on FPHS. As Phase II is ongoing at the Policy Workgroup level, with analytic support from the Technical Workgroup, some of the conclusions reached in these papers may change as the framework and options are refined during the Policy Workgroup process. These papers therefore represent a snapshot in time. If significant changes arise, they will be acknowledged and described in the final products of the Policy Workgroup, scheduled to be completed in December 2014.

3.0 SUMMARY OF KEY FINDINGS

This section presents the key findings from each of the Technical Workgroup's four attached working papers. These papers, as a collection, present the Technical Workgroup's conclusions to the questions identified in their Phase II work plan:

- **Cost Estimate** – how much would it cost to provide FPHS at a uniform level statewide?
- **Current Spending Estimate** – how much is currently being spent on FPHS statewide?
- **Estimated FPHS Funding Gap** – how much more would DOH and LHJs need to spend on FPHS to support the defined services statewide?
- **Service Delivery and Funding Alignment** – how should service delivery and funding be aligned to support the FPHS framework?

For additional detail on any of the findings presented below, please reference the corresponding attached working papers.

3.1 FPHS Cost Estimate

Introduction and Purpose

The purpose of this section is to provide a description of the Revised Cost Estimate for providing a uniform level of Foundational Public Health Services (FPHS) across the state. The FPHS Cost Estimate is an estimate of how much money it would take to adequately support provision of foundational public health services statewide. A draft estimate was developed during Phase I using a financial model built to support the Technical Workgroup's work. The draft cost estimate was based on detailed estimates from DOH and a sample of nine LHJs of how much it would cost their organizations to provide the foundational services, whether or not the services are currently being provided and regardless of how or if the services are currently funded.

Phase II Revisions

Phase I work resulted in a report summarizing the Technical Workgroup's Draft FPHS Cost Estimate. Based on conversations with the FPHS project team and the Technical Workgroup to begin Phase II work, the following three FPHS were identified for additional research and revision.

1. **Tobacco**. The Phase I estimate for tobacco prevention and cessation focused narrowly on providing capacity to support implementation of a minimal tobacco program. Upon further discussion and review of the FPHS definitions, the Technical Workgroup felt that the foundational service should be a program that would result in less tobacco use and fewer deaths from tobacco.
2. **Healthy Eating Active Living (HEAL)**. HEAL is an emerging set of activities that work to increase healthy eating and active living and to decrease obesity and chronic disease. Similar to the tobacco estimate, the Technical Workgroup felt that the Phase I HEAL estimate was not adequate to support an effective program that would impact obesity and chronic disease.
3. **Environmental Public Health**. The Technical Workgroup felt that the Phase I estimate for environmental public health may not have adequately captured some of the non-fee supported elements of environmental public health work, as well as some of the emerging work in land use planning and built environments. The Technical Workgroup wanted to revisit its survey work to think about this element in depth and ensure all appropriate cost areas were captured.

Summary of Revised FPHS Cost Estimate

The Revised FPHS Cost Estimate of providing the foundational services statewide is about $380 million per year. The Phase II efforts to revisit and refine the three FPHS elements discussed above resulted in increases to the Draft Foundational Public Health Services cost estimate from the Phase I Report, which was approximately $328 million per year.

Exhibit 1 summarizes these changes. The revisions are in the Chronic Disease and Injury Prevention program (which contains the tobacco and HEAL estimates) and Environmental Public Health.

Exhibit 1
Revised FPHS Cost Estimate for DOH and LHJs

	State DOH			Local Health Jurisdictions			Total Statewide Estimate		
Services Ranked By Cost	Phase I	Phase II	Change	Phase I	Phase II	Change	Phase I	Phase II	Change
Foundational Capabilities	**27,750,000**	**27,750,000**	**0%**	**47,945,000**	**47,945,000**	**0%**	**75,695,000**	**75,695,000**	**0%**
A. Assessment	5,410,000	5,410,000	0%	5,935,000	5,935,000	0%	11,345,000	11,345,000	0%
B. Emergency Preparedness and Response	3,620,000	3,620,000	0%	7,205,000	7,205,000	0%	10,825,000	10,825,000	0%
C. Communication	750,000	750,000	0%	3,210,000	3,210,000	0%	3,960,000	3,960,000	0%
D. Policy Development and Support	1,115,000	1,115,000	0%	3,300,000	3,300,000	0%	4,415,000	4,415,000	0%
E. Community Partnership Development	860,000	860,000	0%	4,025,000	4,025,000	0%	4,885,000	4,885,000	0%
F. Business Competencies	15,995,000	15,995,000	0%	24,270,000	24,270,000	0%	40,265,000	40,265,000	0%
Foundational Programs	**134,890,000**	**151,640,000**	**12%**	**117,405,000**	**152,870,000**	**30%**	**252,295,000**	**304,510,000**	**21%**
A. Communicable Disease Control	9,010,000	9,010,000	0%	24,750,000	24,750,000	0%	33,760,000	33,760,000	0%
B. Chronic Disease and Injury Prevention	12,590,000	27,895,000	122%	12,265,000	40,285,000	228%	24,855,000	68,180,000	174%
C. Environmental Public Health	33,760,000	35,205,000	4%	62,045,000	69,490,000	12%	95,805,000	104,695,000	9%
D. Maternal/Child/Family Health	13,765,000	13,765,000	0%	11,410,000	11,410,000	0%	25,175,000	25,175,000	0%
E. Access/Linkage with Clinical Health Care*	62,145,000	62,145,000	0%	3,440,000	3,440,000	0%	65,585,000	65,585,000	0%
F. Vital Records	3,620,000	3,620,000	0%	3,495,000	3,495,000	0%	7,115,000	7,115,000	0%
Total Cost	**162,640,000**	**179,390,000**	**10%**	**165,350,000**	**200,815,000**	**21%**	**327,990,000**	**380,205,000**	**16%**

Source: DOH, 2014; Participating LHJs, 2014, and BERK, 2014.
*Note: The estimates for the Access/Linkage with Clinical Health Care program are still being refined due to emerging issues primarily related to implementation of the Affordable Care Act (ACA). These estimates may change as a result of continuing work.

A more detailed description of the specific changes to each program, as well as the methodology used, can be found in the attached working paper titled *Foundational Public Health Services Cost Estimate*.

3.2 Current Spending Estimate

Introduction and Purpose

The purpose of this section is to provide an overview of current public health spending in Washington State and the funding that supports it. This section begins with a summary of all public health spending at DOH and LHJs. The section then focuses on the estimated amount that each of these entities is currently spending on foundational public health services (FPHS).

Current Spending on All Public Health Services at DOH and LHJs

Public health is provided by a mix of local and state agencies and shared-services or regional arrangements. This section provides an overview of the total spending in Washington State by DOH and the 35 LHJs. While there are other public health related functions that are provided by entities other than DOH and LHJs, these are the backbone of the broader system and comprise Washington's governmental public health system.

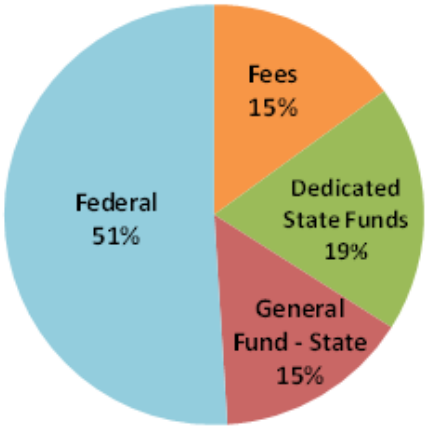
Washington State Department of Health. Exhibit 2 summarizes the State DOH's state fiscal year (SFY) 2013 operating budget. Exhibit 3 summarizes the high-level funding sources for this budget.

Exhibit 2:
DOH Operating Budget for All Public Health Services (SFY 2013)

		SFY 2013 Operating Budget
Total DOH Operating Budget	$	561,500,000
Investments at LHJ level	$	(56,900,000)
Subtotal	**$**	**504,600,000**
Large Grant Programs (pass-throughs to other agencies)		
WIC	$	(126,900,000)
Prevention Health Block Grant	$	(900,000)
Community Transformation Grant	$	(4,400,000)
DOH Budget	**$**	**372,400,000**

Source: Washington State Department of Health, 2013.

Exhibit 3: DOH 2011-13 Biennial Operating Budget for All Public Health Services by Funding Source



Source: Washington State Department of Health, 2014.

The DOH budget includes a mix of expenditures that stay within the state's operations as well as pass-through funds. In SFY 2013, DOH had an operating budget of $561.5 million. However, more than one-third of this budget went to other programs and agencies.

Removing the above identified pass-through dollars and grant-funded programs results in approximately $372.4 million in spending that supports DOH and other community partner public health activities and services.

- Approximately 51% is from federal sources. This amount encompasses some of the large grant programs, such as WIC.
- Approximately 15% is from dedicated fee accounts. The State charges fees for many environmental public health services, as well as health professional and facility licensing work.
- Approximately 19% is from other state dedicated accounts.
- The remaining 15% is from the State General Fund.

Local Health Jurisdictions. Washington's 35 LHJs vary significantly in ways that impact their funding and expenditures, and how they might address funding and service challenges going forward. Many factors contribute to difference among LHJs, such as organizational models, geography, population characteristics, and variation in local priorities and culture. The implication of these differences is that state-wide shifts in funding and in policy are likely to impact individual LHJs and their service populations differently.

Exhibit 4 shows the total funding for all 35 LHJs in 2011, broken out by source and area of service. Amounts shown are adjusted for inflation to 2013 dollars.

Exhibit 4
LHJ Funding by Expenditure Category and Funding Source for All Public Health Services
(FY 2011, in 2013 dollars)

	LHJ FUNDING SOURCES				
	Local	**State**	**Federal**	**Total**	***Percent***
Administration/Policy Development	14.8 M	6.4 M	3.6 M	24.9 M	*7%*
Chronic Disease and Injury Prevention	5.1 M	5.7 M	5.2 M	16.1 M	*5%*
Communicable Diseases	15.1 M	16.0 M	17.1 M	48.2 M	*14%*
Environmental Health	57.1 M	9.0 M	1.3 M	67.4 M	*19%*
Family and Individual Health	35.4 M	12.3 M	87.3 M	135.0 M	*38%*
Other Public Health	24.9 M	10.0 M	24.9 M	59.8 M	*17%*
Vital Records	4.5 M	.1 M	.0 M	4.6 M	*1%*
Total	**157.0 M**	**59.6 M**	**139.4 M**	**356.0 M**	***100%***
Percent	*44%*	*17%*	*39%*	*100%*	

Source: BARS, 2011.

In aggregate, funding for LHJs was comprised of the following broad funding categories:

- **Local funding** sources made up approximately 44% of all LHJ funding in 2011, or $157 million. This is the largest source of funding for LHJs in aggregate. Local sources consist of city and county government contributions; licenses, permits, and fees; and a few miscellaneous funding sources.
- **State funding** sources made up approximately 17% of LHJ funding, or $59.6 million. State sources consist of funds, both dedicated and flexible (the Local Capacity Development Fund, SSB 5930 Fund, and MVET/I-695 Replacement Fund) from the state general fund, and funding from other state agencies.
- **Federal funding** sources made up approximately 39% of LHJ funding in FY 2011, or $139.4 million. Federal sources consist of Medicaid, the U.S. Department of Health and Human Services, and other federal agencies. Most federal sources of funding are grants dedicated to specific purposes.

The aggregate picture of all 35 LHJs hides significant variation among individual jurisdictions in terms of levels of spending per capita; portions of funding from local, state, and federal sources; and changes in funding over time. Total LHJ funding has declined since 2006 in inflation-adjusted dollars.

In inflation-adjusted 2013 dollars, per capita spending by LHJs was approximately $58 per resident of Washington State in 1998. This increased to approximately $61 in 2001, but has declined to approximately $53 in 2011. Some LHJs have experienced a decrease in per-capita funding of as much as 48% since 2003 in inflation-adjusted terms. Additionally, the per capita spending for LHJs varies significantly. Per-capita amounts ranged from $19 to $144 in 2011, depending on the LHJ.

System Total. Between the LHJs and State DOH, annual spending on public health is approximately $861 million per year (in 2013 dollars). Exhibit 5 summarizes this statewide total.

Exhibit 5
Summary of Annual Spending for DOH and LHJs on All Public Health Services (in 2013 dollars)

	Funding Sources			
	Local	**State**	**Federal**	**Total**
DOH Budget	-	265.1 M	296.4 M	561.5 M
LHJ Pass-throughs				*(56.9 M)*
LHJ Spending	157.0 M	59.6 M	139.4 M	356.0 M
Total Statewide				**860.5 M**

Source: Washington State Department of Health, FY 2013 Operating Budget; BARS for LHJ Spending, 2011 data adjusted to 2013 dollars; and BERK, 2014.

Current Spending on Foundational Public Health Services

Washington State Department of Health. During the Phase I data collection process, DOH provided estimates of its current spending on each of the foundational public health services, based on its FY 2013 operating budget. Exhibit 6 summarizes the data provided.

Exhibit 6
DOH Estimated Spending on FPHS (FY 2013)

	Federal	Dedicated state	State General Fund	Fee/License	Other	Total FPHS Spending
Foundational Capabilities	**9.38 M**	**0.24 M**	**6.00 M**	**10.48 M**	**0.06 M**	**26.17 M**
Assessment	2.18 M	0.00 M	1.92 M	0.70 M	0.00 M	4.80 M
Emergency Preparedness	2.79 M	0.00 M	0.00 M	0.00 M	0.00 M	2.79 M
Communication	0.10 M	0.00 M	0.50 M	0.14 M	0.00 M	0.75 M
Policy Development and Support	0.15 M	0.00 M	0.77 M	0.20 M	0.00 M	1.12 M
Community Partnership Development	0.28 M	0.00 M	0.22 M	0.36 M	0.00 M	0.86 M
Business Competencies	3.87 M	0.24 M	2.58 M	9.09 M	0.06 M	15.85 M
Foundational Programs	**32.89 M**	**1.90 M**	**23.13 M**	**72.93 M**	**0.54 M**	**131.39 M**
Communicable Disease Control	3.67 M	0.00 M	1.24 M	0.05 M	0.00 M	4.96 M
Chronic Disease and Injury Prevention	4.54 M	0.00 M	3.24 M	0.80 M	0.09 M	8.67 M
Environmental Public Health	11.55 M	1.90 M	6.44 M	10.45 M	0.00 M	30.34 M
Maternal/Child/Family Health	9.04 M	0.00 M	0.00 M	0.00 M	0.00 M	9.04 M
Access/Linkages with Clinical Health Care	1.24 M	0.00 M	4.25 M	56.56 M	0.10 M	62.15 M
Vital Records	0.36 M	0.00 M	3.26 M	0.00 M	0.00 M	3.62 M
Lab	2.49 M	0.00 M	4.71 M	5.06 M	0.35 M	12.61 M
Total Expenditures by Fund Source	**42.26 M**	**2.15 M**	**29.13 M**	**83.41 M**	**0.60 M**	**157.55 M**

Source: Washington State Department of Health, 2013.

Of the $561.5 spent by DOH annually, about $157.6 million is spent on FPHS. This amount is currently funded by the following sources:

- Fee, license and permit funding provides $83.4 million, about half of the entire amount.
- Federal funds provide $42.3 million and are the second largest source of funds.
- State general funds comprise approximately $29.1 million annually. State general funds are spread fairly evenly across the foundational programs.
- Other dedicated state sources and miscellaneous funds make up the remaining $2.8 million per year.

Local Health Jurisdictions. This analysis estimates that of the $356 million in public health spending by LHJs each year, approximately $141 million is spent on foundational public health services. This estimate was based on a combination of data from the state's Budget Accounting and Reporting System (BARS) and the data from DOH and the nine sample LHJs provided in Phase I.

Exhibit 7 summarizes the results of this analysis. This methodology does not purport to estimate the exact spending on foundational services. However, it is designed to provide a reasonable insight into the amount of money that was spent on these services in FY 2011.

Exhibit 7
Foundational Public Health Spending Estimate by LHJs, from BARS Analysis
(FY 2011, in 2013 dollars)

Foundational Public Health Services	FPHS Current Spending Estimate for LHJs
Foundational Capabilities	36.3 M
Communicable Disease Control	19.4 M
Chronic Disease and Injury Prevention	6.8 M
Environmental Public Health	64.6 M
Maternal/Child/Family Health	9.4 M
Access/Linkage Clinical Health Care	.0 M
Vital Records	4.4 M
Laboratory	.0 M
TOTAL	**141.0 M**

Source: BARS, 2011; and BERK, 2014.
*Note: All of the elements in **foundational capabilities** were aggregated into one line item to account for inconsistent data recording across LHJs in the specific categories of business competencies, assessment, communication, community partnership development, policy development, and emergency preparedness*

3.3 Estimated FPHS Funding Gap

Introduction and Purpose

The section summarizes the gap between the cost of providing a uniform level of foundational public health services statewide and the current spending on those services. This document uses the work to-date on estimating the cost of providing foundational services statewide (FPHS Cost Estimate) and the current spending on foundational services (FPHS Current Spending Estimate).

It uses these two estimates as a stepping-off point to understanding the Estimated FPHS Funding Gap – the amount of funding that would be needed, in addition to current spending, to deliver a uniform level of FPHS statewide.

Summary of Estimated FPHS Funding Gap

The Estimated FPHS Funding Gap is not simply the difference between the estimate of current spending and estimate of FPHS costs. Exhibit 8 summarizes the results of the Technical Workgroup's efforts to estimate this gap. For additional detail on methodology and key outstanding questions, please see the attached working paper title *Estimated Foundational Public Health Services Funding Gap*.

Exhibit 8
FPHS Cost Estimate, Current Spending Estimate, and Estimated Gap by Program for DOH and LHJs (in 2013 dollars)

Program	Service Delivery	(1) FPHS Cost Estimate	− (2) FPHS Current Spending Estimate	= (3) Preliminary FPHS Gap	+ (4) FPHS Gap Adjustments (a) Exclude LHJ Spending Above Estimates	(b) Exclude Uncertain Revenue	= (5) Estimated FPHS Gap
Foundational Capabilities	DOH	$ 27.8 M	$ 26.2 M	$ 1.6 M	-	$ 0.0 M	$ 1.6 M
	LHJs	$ 47.9 M	$ 36.3 M	$ 11.6 M	$ 1.6 M	$ 1.9 M	$ 15.1 M
Environmental Public Health	DOH	$ 35.2 M	$ 30.3 M	$ 4.9 M	-	$ 0.0 M	$ 4.9 M
	LHJs	$ 69.5 M	$ 64.6 M	$ 4.8 M	$ 7.8 M	$ 0.0 M	$ 12.6 M
Communicable Disease	DOH	$ 9.0 M	$ 5.0 M	$ 4.0 M	-	$ 0.0 M	$ 4.0 M
	LHJs	$ 24.8 M	$ 19.4 M	$ 5.4 M	$ 0.9 M	$ 0.8 M	$ 7.1 M
Chronic Disease & Injury Prev.	DOH	$ 27.9 M	$ 8.7 M	$ 19.2 M	-	$ 0.0 M	$ 19.2 M
	LHJs	$ 40.3 M	$ 6.8 M	$ 33.4 M	$ 0.0 M	$ 0.0 M	$ 33.4 M
Access/Linkage to Clinical Health Care[6]	DOH	$ 62.1 M	$ 62.1 M	$ 0.0 M	-	$ 0.0 M	$ 0.0 M
	LHJs	$ 3.4 M	$ 0.0 M	$ 3.4 M	$ 0.0 M	$ 0.0 M	$ 3.4 M
Maternal/ Child/ Family Health	DOH	$ 13.8 M	$ 9.0 M	$ 4.7 M	-	$ 0.0 M	$ 4.7 M
	LHJs	$ 11.4 M	$ 9.4 M	$ 2.0 M	$ 2.0 M	$ 2.1 M	$ 6.0 M
Vital Records	DOH	$ 3.6 M	$ 3.6 M	$ 0.0 M	-	$ 0.0 M	$ 0.0 M
	LHJs	$ 3.5 M	$ 4.4 M	($ 0.9 M)	$ 1.2 M	$ 0.0 M	$ 0.3 M
Laboratory[7]	DOH	-	$ 12.6 M	($ 12.6 M)	-	$ 0.0 M	($ 12.6 M)
	LHJs	-	-	-	-	-	-
DOH Total		$ 179.4 M	$ 157.6 M	$ 21.8 M	$ 0.0 M	$ 0.0 M	$ 21.8 M
LHJ Total		$ 200.8 M	$ 141.0 M	$ 59.8 M	$ 13.4 M	$ 4.8 M	$ 78.0 M
Total Statewide		**$ 380.2 M**	**$ 298.5 M**	**$ 81.6 M**	**$ 13.4 M**	**$ 4.8 M**	**$ 99.9 M**

Source: Washington State Department of Health, 2013; Data from 9 sample LHJs, 2013; State Auditor's Office Budget Accounting Reporting System (BARS), 2013; and BERK, 2014.

Notes: [6] The estimates for this program are still being refined due to emerging issues primarily related to the implementation of the Affordable Care Act (ACA). These estimates may change as a result of continuing work.

[7] Funding data for DOH's laboratory was provided independently from cost information. On the cost side, laboratory is included within the programs that the lab supports. However, current spending and revenues for the DOH laboratory are all included in the laboratory line item. The total gap for DOH is the sum of the gap within each program and the $12.6 M listed as laboratory revenue. LHJ lab data are included in relevant program areas.

(1) FPHS Cost Estimate. The estimated cost to provide FPHS is $380.2 M per year. About 47% (or $179.4 M) is for services provided by DOH, and about 53% (or $200.8 M) is for services provided by LHJs.

(2) FPHS Current Spending Estimate. Annual current spending on FPHS is about $298.5 M. About 53% (or $157.6 M) is spent by DOH, and about 47% (or $141 M) is spent by the LHJs. This spending represents only a portion of total statewide spending on public health. Combined, spending on all public health services by DOH and LHJs totals about $860.5 M per year.

(4) FPHS Funding Gap Adjustments. There were two types of adjustments made to develop the Estimated FPHS Funding Gap:

a. **Exclude LHJ Spending Above Estimated Cost.** About $13.4 million of current spending was excluded, because it was being spent at LHJs where the FPHS Current Spending Estimate for this program was higher than the FPHS Cost Estimate for this program. Since this spending above the estimate cannot be necessarily used to offset gaps at other LHJs or in other programs, these amounts were excluded when estimating the Gap.

b. **Exclude Uncertain Revenues.** About $4.8 million of current spending was excluded because it was supported by revenue sources that are uncertain going forward. The excluded amount included federal funding being used for foundational capabilities, communicable disease control, and maternal/child/family health, and fee support for communicable disease control.

The Technical Workgroup considered these revenue sources too uncertain to support the foundational portion of these programs in the future.

(5) Estimated FPHS Funding Gap. This column shows the estimated amount needed, in addition to current spending, to support provision of FPHS (as defined) statewide. The Estimated FPHS Funding Gap is $99.9 M. For DOH, the Estimated FPHS Funding Gap is about $21.8 M. For LHJs, it is about $78.0 M.

3.4 Framework for Developing Service Delivery and Funding Alignment Options

Introduction and Purpose

The focus of the Policy Workgroup during Phase II will be to develop and evaluate options for how to achieve a uniform level of FPHS statewide. This work will include discussion of potential options around how to fund FPHS, how to deliver FPHS, and how to structure the public health system to support FPHS. These three areas are highly interrelated, and a successful set of recommendations should consider and align options across all three areas.

The role of the Technical Workgroup within option development was to help develop a framework for how options might be developed and evaluated, and the important questions and implications for the Policy Workgroup to consider. Toward this end, the Technical Workgroup discussed a series of questions related to service delivery, funding, and system structure. The general outcomes of this process are described below. For a more detailed summary of Technical Workgroup discussions, please refer to the attached working paper titled *Service Delivery and Funding Alignment Option Development*.

Technical Workgroup Discussion Framework

Within the governmental public health system, there are only so many ways to address the challenge of adequately and sustainably funding FPHS. The Technical Workgroup discussed a series of questions related to how to achieve a uniform level of FPHS statewide, given the current challenges surrounding Washington State's public health system. The graphic below outlines the key questions that the Technical Workgroup discussed.

Achieving a Uniform Level of FPHS Statewide Will Require Balancing Multiple Components

Cost of FPHS		=	**Revenue for FPHS**	
Definition of FPHS	**Service Delivery Methods**		**Existing Funding**	**New Revenue**
• Could changes to the FPHS definition improve cost and revenue alignment? • What would the impacts of changes be on Washington residents?	• Could more services benefit from a shared, regional, or state delivery model? • Are there opportunities for more economies of scale in some services? • Could changes in service delivery or technology improve the ability to meet growing demand over time?		• Could current funding be used differently to improve how well FPHS are funded? • What are the implications of moving money from other public health expenditure areas to support FPHS?	• Are there new sources of local funding that could support FPHS? • Are there new sources of state funding that could support FPHS? • Are there new sources of funding that could support other public health services, and therefore increase FPHS's share of current funding?

For each of the questions in the graphic above, the Technical Workgroup discussed opportunities that should be brought forward, key criteria that should be considered when developing options under a topic area, and the likely implications of making changes to service delivery, funding, or system structures.

The results of the Technical Workgroup's discussions include:

Identification of key challenges within the current system. For the Policy Workgroup to address the FPHS challenges, it's important to first understand the policy and financial context in which the challenge exists.

The Technical Workgroup identified that key challenges of the current system include reductions in key revenue streams over time, limited political feasibility or legal authority for additional revenue at the state or local level, unpredictable changes in categorical funding programs, and increasing competition for general fund dollars from other governmental needs such as education and criminal justice. These trends provide helpful context in evaluating the likely impact of options.

Frameworks to guide Policy Workgroup option development. The Technical Workgroup discussed what the important factors are for options development around funding, service delivery, and system structure. The Workgroup developed frameworks for how to think about each of these topic areas individually and together. These frameworks will be brought forward into the Policy Workgroup's process to guide and inform option development discussions.

Draft implications of potential recommendations. As the Technical Workgroup discussed its frameworks, some ideas were brought forward as areas the Policy Workgroup may want to look for recommendations. The Technical Workgroup discussed these ideas to understand the potential implications, both positive and negative, of the ideas that were brought forward.

While the Technical Workgroup was not developing a list of specific options, the implication discussions will be helpful in informing ideas as they are brought up by the Policy Workgroup and provide good background for initial thinking on what a feasible recommendation would look like.

Next Steps

The Technical Workgroup's role is now changing, from a position of leading innovative thinking on developing a new framework for public health in Washington State to one of supporting the Policy Workgroup through insightful and rigorous analysis of options. The context, frameworks, and key considerations that the Technical Workgroup identified will be used to guide the Policy Workgroup process toward a complete vision of what it would take to provide a uniform level of FPHS statewide.